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A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends. Constantly measuring and reporting the basic economic factors responsible for changes in trends and values . . . Current Studies . . . Survey . . . Forecasts

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

FAMILY INCOMES SET NEW RECORD

LAST November in the Real Estate Analyst we wrote: "The wild and hectic days of 1950 will undoubtedly bring family incomes to a new high." Figures just released show that our guess was correct. During 1950 the average family income rose to \$5,109, an increase of $8\frac{1}{2}\%$ above that of 1949, and $3\frac{1}{2}\%$ above the previous high of \$4,949 achieved in 1948. Thus for the first time in history this figure moved past the \$5,000 mark. Since the end of World War II the trend of average family income has been steadily upward and the 1950 level was \$1,000 higher than the level of 1945. There is little question that 1951 will see this level move even higher - perhaps to the \$5,400 or \$5,500 mark. On pages 519 through 522 we show the average family income by States from 1929 through 1950.

In the last few years income figures have become increasingly important in conducting and interpreting market surveys, sales campaigns and other activities dealing with consumer research. These charts are based on figures recently compiled by the Department of Commerce. The computations on a per family basis are our own. We have made adjustments in the New York figures for the number of New York City employees living in New Jersey.

On each of these charts we have distinguished four types of family income - 1. that received from salaries and wages, including the pay of persons in the armed services; 2. proprietors' income, including farmers'; 3. property income, which includes dividends, interest and net rents and royalties; and 4. other income, which includes direct relief, pensions, compensation for injuries, social insurance benefits, and allowances and allotments paid to dependents of military personnel. The total amount of each type of income received in each State is divided by the number of families in the State. The resulting figure is the "average per family income."

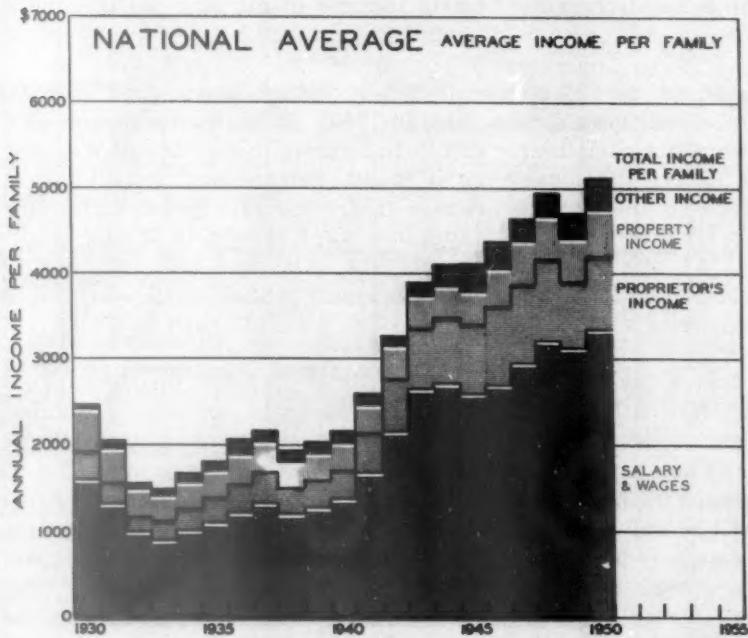
Study of these charts will show that while every State recovered from the 1949 slump, there were 15 that did not reach the degree of opulence they enjoyed during 1948. It will also be noticed that most of these 15 are generally considered "agricultural" States. On the other hand, the five States that showed the greatest increase in 1950 over their 1949 level were also "agricultural" States. The increases over the 1949 figure were: Montana, +19%; Nebraska, +16%; Mississippi, +15%; South Dakota, +14%; and Nevada and North Dakota, +13% each.

An analysis of the four major classifications of income shows the following increases that have taken place since 1940:

	1940	1950	Increase	Percentage Increase
Salaries and Wages	\$1,368	\$3,331	\$1,963	144
Proprietors' Income	338	852	514	152
Property Income	322	567	245	76
Other Income	132	359	227	172
TOTAL INCOME	\$2,160	\$5,109	\$2,949	136

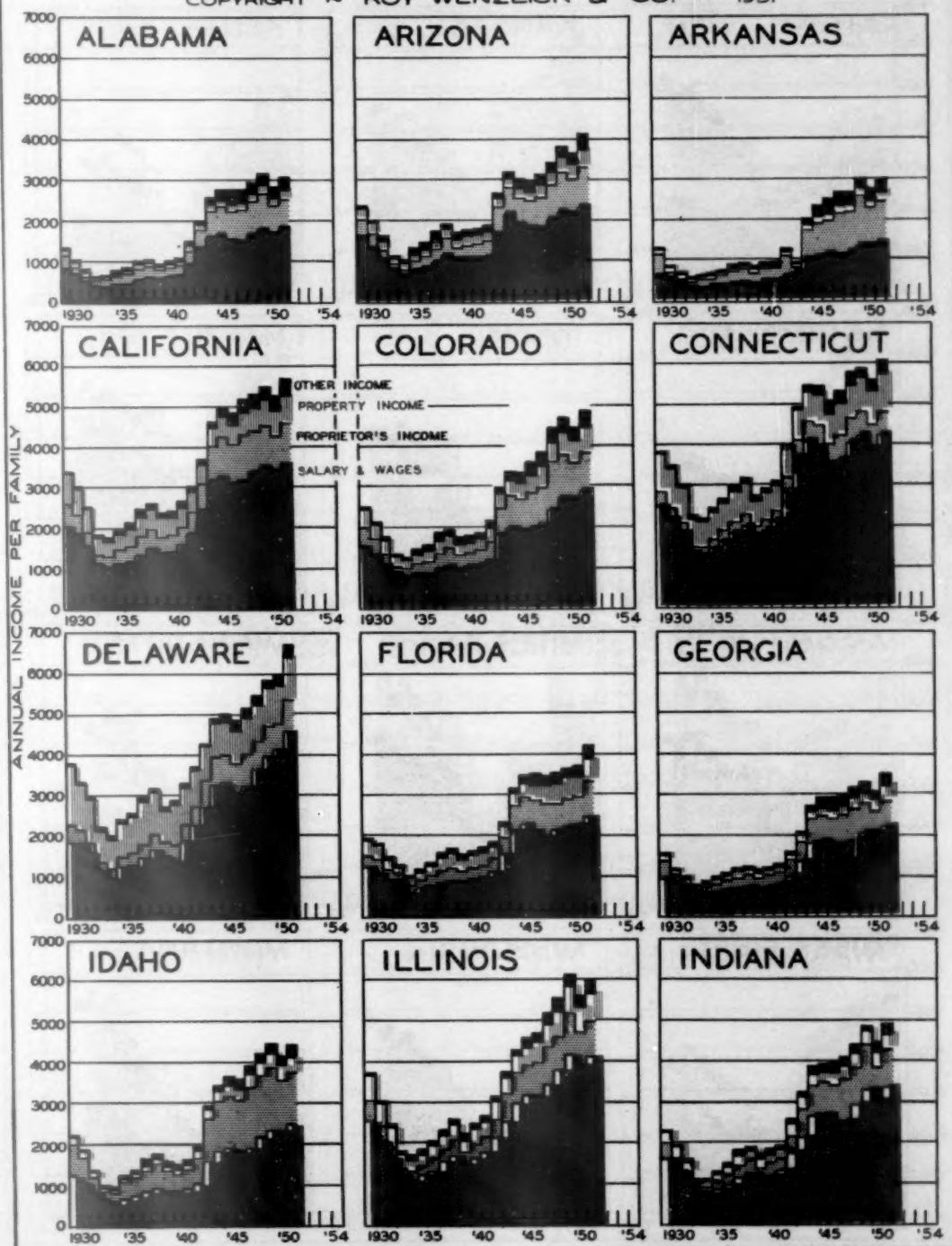
In studying these percentage increases it should be kept in mind that property income also includes income from dividends, interest and royalties, in addition to income from rental real estate. So it would not be correct to assume that rental net income had shown a rise of 76% since 1940. Undoubtedly it is a great deal less than this.

It is also rather interesting to compare the amount of "other" income with property income. Remember that "other" income is made up largely of pensions, allowances, etc., of one type or another. In 1940 the portion of average family
 (cont. on page 523)



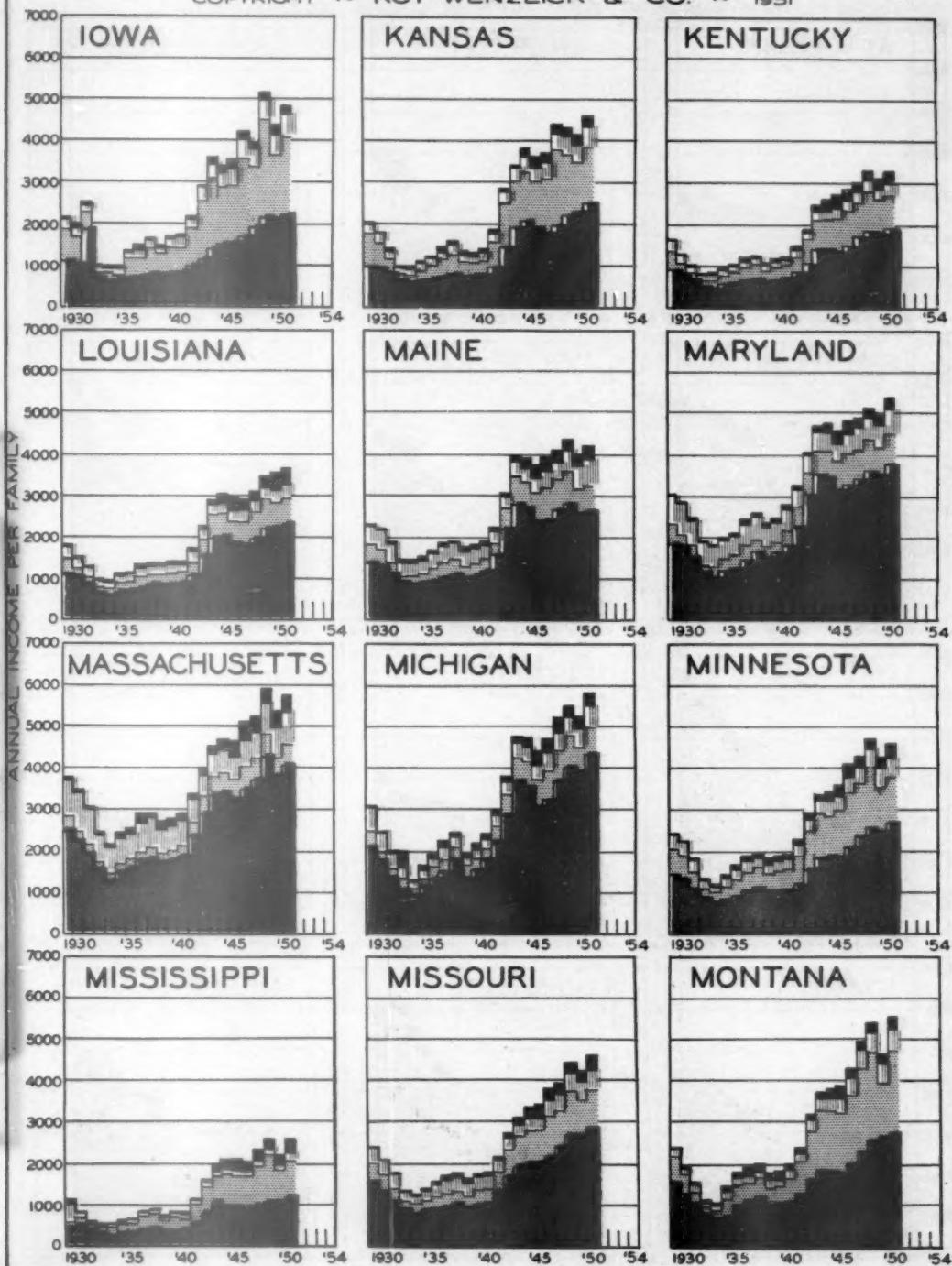
AVERAGE INCOME PER FAMILY BY STATES

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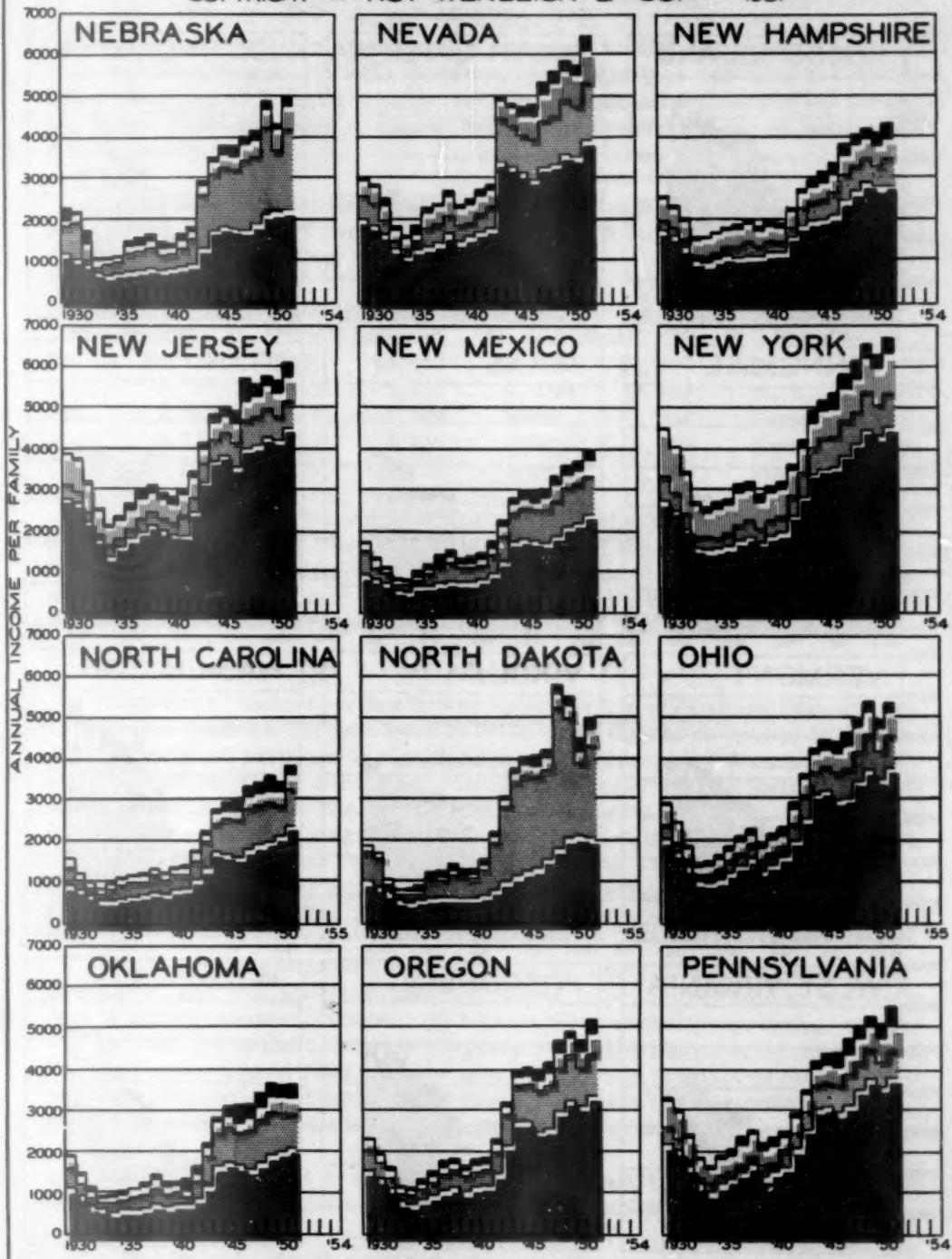
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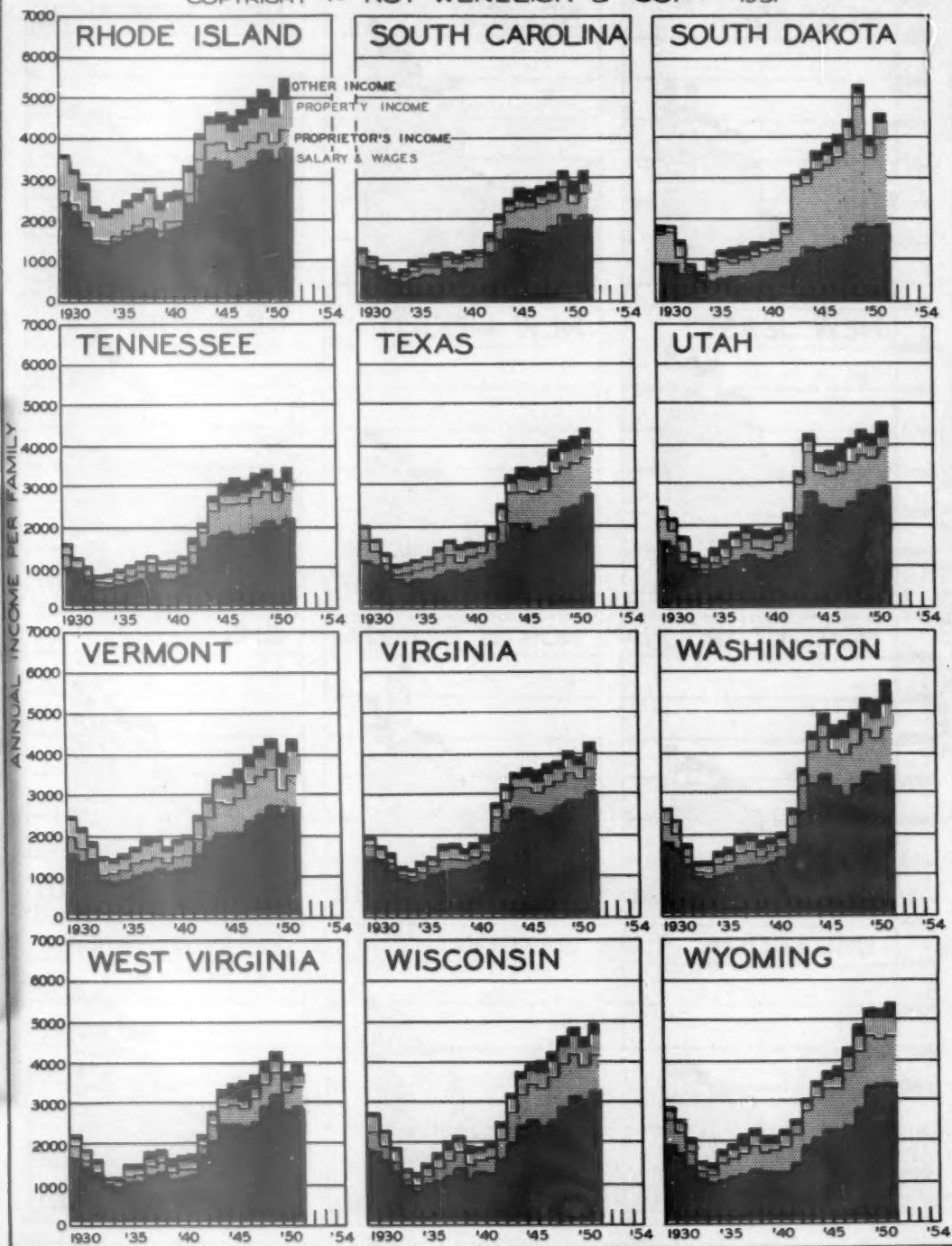
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FAMILY INCOMES SET NEW RECORD

(cont. from page 518)

income derived from this classification was equal to 41% of the amount derived from property income. In 1950, however, this percentage had risen to 63%. In other words, in 1950 social security, pensions, benefit allowances and allotments, and direct relief amounted to almost two-thirds as much money as net income from property.

Comparisons between the States are also rather revealing but not particularly surprising. The highest five States in average per family income and in the three major classifications were:

Total Income	Salary and Wage Income	Proprietors' Income	Property Income
Del. \$6,737	Del. \$4,580	N. Dak. \$2,216	Del. \$1,073
N. Y. 6,707	N. Y. 4,536	S. Dak. 2,160	N. Y. 967
Nev. 6,522	N. J. 4,486	Mont. 1,994	Conn. 932
N. J. 6,119	Mich. 4,319	Neb. 1,959	Nev. 826
Conn. 6,048	Conn. 4,219	Iowa 1,845	Mass. 772

Virtually the same States appear in this table that were shown in a similar table of 1949 incomes. The commercial States of the East as a rule have the highest total per family income. The lone exception in the first five is Nevada, where a small total number of families and a booming cattle business combined to give the State an average family income of \$6,522, good enough for third place.

Proprietors' income per family was highest in five agricultural States. This is the same condition that was found in 1949. State figures on income from other sources were not particularly significant except in the case of Washington. This State with its ambitious attempts at "social betterment" led all States in income from "other" sources. The average figure per family was \$532. Incomes per family from salary and wage payments were lowest in Mississippi - \$1,177, Arkansas - \$1,449, South Dakota - \$1,824, Alabama - \$1,871, and Kentucky - \$1,985. Total per family incomes were lowest in Mississippi - \$2,538, Arkansas - \$3,004, Alabama - \$3,086, South Carolina - \$3,175, and Kentucky - \$3,306.

Most States have enjoyed a continuance of the boom throughout most of 1951. Therefore, they will show continued increases in per family income when this year's figures become available. In a great many cases, proprietors' income will be down due to the relatively unspectacular showing made by most retail lines in comparison to 1950. On the other hand, this segment of proprietors' income will be bolstered somewhat by rising incomes to farm proprietors. Property incomes may be down in many instances due to lower corporate earnings.

"Other" income will no doubt continue its upward trend as social security payments rise and as allotments to dependents of military personnel increase.

300

280

260

240

220

200

180

160

140

120

100

80

60

40

20

0

RENT, WAGES AND THE C

1921-

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1ST WORLD WAR

U.S. ENTRY

187.9

CLOTHING

137.0

ALL

ITEMS

165.7

162.4

HOUSEHOLD
FURNISHINGS

120.1

FUEL & LIGHT

WAGES

STOCK MARKET COLLAPSE

BANK COLLAPSE

FOOD

103.4

RENTS

104.2

112.1

110.0

108.0

106.0

104.0

102.0

100.0

98.0

96.0

94.0

92.0

90.0

88.0

86.0

84.0

82.0

80.0

78.0

76.0

74.0

72.0

70.0

68.0

66.0

64.0

62.0

60.0

58.0

56.0

54.0

52.0

50.0

1915

1920

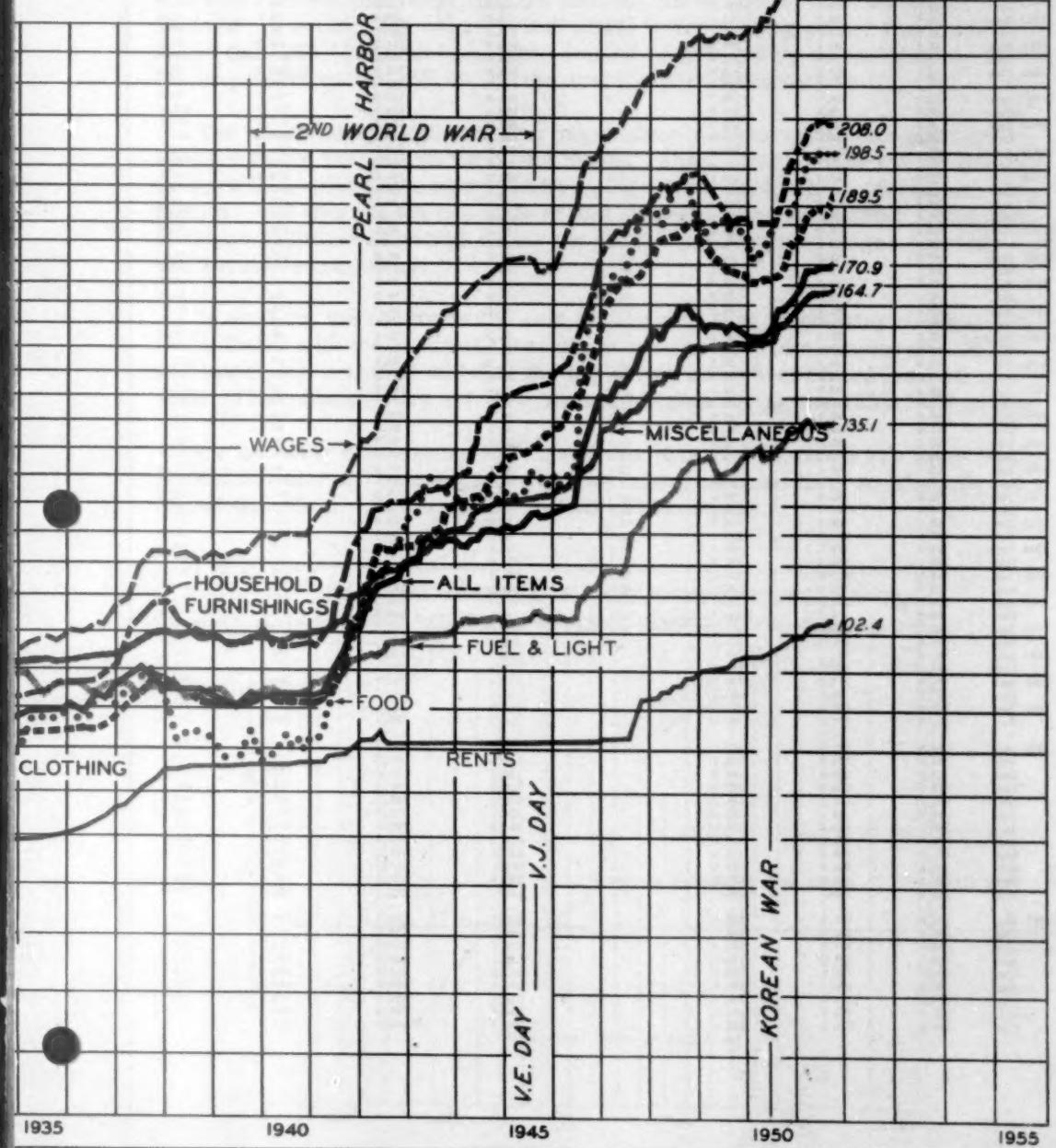
1925

1930

COST OF LIVING IN THE U.S.

1938 = 100

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**RENT, WAGES AND THE COST OF LIVING
IN THE UNITED STATES**

YEAR	ALL ITEMS	FOOD	CLOTHING	RENT	FUEL, ICE & ELEC.	HOUSEHOLD SUPPLIES	MISC.	WAGES
1922	June	109.5	106.2	112.3	112.2	101.6	102.9	90.1
	Dec.	110.3	107.5	111.3	113.2	108.3	116.6	90.3
1923	June	111.3	106.6	113.8	115.0	104.6	124.4	96.8
	Dec.	113.2	110.6	114.0	117.8	107.1	124.4	96.8
1924	June	111.6	106.8	113.7	119.7	103.3	121.2	99.6
	Dec.	113.0	110.5	110.8	120.1	105.4	119.8	100.0
1925	June	114.4	115.8	110.3	119.9	103.9	118.6	100.6
	Dec.	117.8	123.3	109.6	119.7	112.1	118.4	100.9
1926	June	115.9	120.9	106.7	118.6	105.9	115.8	100.8
	Dec.	115.6	123.4	107.6	118.1	109.4	114.7	101.1
1927	June	115.2	120.8	106.7	117.0	105.3	112.9	101.4
	Dec.	113.3	116.2	105.3	115.7	106.7	112.5	101.8
1928	June	112.0	113.8	105.0	114.0	103.3	110.1	101.8
	Dec.	112.3	114.6	104.3	112.9	105.7	109.4	102.7
1929	June	112.0	115.3	105.9	111.3	102.7	106.0	102.9
	Dec.	112.6	117.3	103.2	110.1	104.8	106.8	102.7
1930	June	110.3	112.4	103.3	106.7	101.5	107.2	103.4
	Dec.	105.8	102.2	98.5	106.3	103.8	103.0	103.1
1931	June	99.2	98.6	93.2	103.0	99.2	95.8	102.6
	Dec.	95.5	84.7	89.7	99.0	100.9	80.5	101.8
1932	June	89.2	75.3	82.0	92.8	93.8	82.8	100.1
	Dec.	85.7	72.0	77.5	85.8	94.7	79.4	99.5
1933	June	83.2	72.2	76.3	78.9	89.7	79.6	99.3
	Dec.	86.1	77.3	85.0	75.5	95.9	80.0	99.5
1934	June	87.3	81.7	87.0	74.0	92.6	90.7	98.3
	Nov.	88.2	83.7	88.9	74.0	94.0	91.4	98.2
1935	Mar.	89.6	87.5	87.1	73.9	94.3	92.0	98.5
	Oct.	89.8	87.7	87.2	74.5	92.8	93.5	98.3
1936	July	92.0	90.0	87.5	76.0	91.5	93.7	97.0
	Dec.	93.3	89.1	89.2	77.3	93.8	95.6	97.4
1937	June	95.6	93.0	92.3	79.5	91.6	102.0	99.2
	Dec.	92.5	90.0	94.3	81.6	92.9	104.4	100.3
1938	June	92.5	86.2	92.0	82.1	91.0	100.8	100.1
	Dec.	91.8	85.3	80.8	82.2	92.3	99.3	98.4
1939	June	90.4	82.0	90.3	82.2	80.0	98.3	98.7
	Dec.	91.3	83.2	91.2	82.3	92.2	100.2	90.3
1940	June	92.1	86.2	91.5	82.4	91.0	97.8	98.9
	Dec.	92.2	85.3	91.4	82.6	93.0	98.1	100.1
1941	June	95.9	92.9	93.0	93.4	93.6	103.0	101.8
	Dec.	101.3	99.3	103.1	85.2	96.3	114.1	105.9
1942	June	106.7	108.2	112.6	85.3	96.9	119.6	109.0
	Dec.	110.4	116.3	113.1	85.1	98.1	120.9	111.0
1943	June	114.2	124.3	116.0	85.1	99.4	122.6	113.8
	Dec.	114.1	120.3	121.0	85.1	101.0	125.0	116.1
1944	June	115.0	118.8	124.2	85.1	101.2	124.3	119.6
	Dec.	116.4	120.5	128.1	85.4	101.0	129.8	121.1
1945	June	118.1	123.9	130.7	85.4	101.7	142.2	122.1
	Dec.	119.0	124.0	124.4	85.4	101.9	145.0	122.7
1946	June	122.2	127.8	141.3	85.5	102.0	152.7	125.9
	Dec.	140.6	163.0	158.8	85.6	106.8	173.0	134.0
1947	June	144.0	166.1	167.0	86.0	108.7	178.5	138.8
	Dec.	153.1	181.5	171.9	90.9	118.0	187.1	142.0
1948	June	157.4	187.8	177.1	92.1	122.4	190.4	145.0
	Dec.	157.1	179.8	180.2	94.1	127.2	194.1	151.4
1949	June	155.5	179.2	171.1	95.0	125.2	183.1	151.6
	Dec.	153.5	173.1	167.1	96.2	125.0	181.2	152.9
1950	Jan.	153.0	171.0	166.4	96.5	124.3	180.5	152.5
	Feb.	153.6	170.0	166.2	96.6	129.5	181.9	152.5
	Mar.	153.1	179.9	166.4	96.8	130.1	181.2	153.4
	Apr.	153.3	172.5	166.5	96.9	130.6	181.4	153.2
	May	154.5	175.7	166.5	97.2	128.2	181.2	152.7
	June	156.0	179.5	166.4	97.5	128.3	181.0	152.7
	July	156.1	164.3	166.1	97.9	128.8	182.2	153.6
	Aug.	156.6	163.3	167.2	98.1	130.1	185.0	155.6
	Sept.	159.3	163.9	171.3	98.3	130.9	191.0	156.1
	Oct.	160.2	163.3	173.9	98.4	132.1	195.3	156.8
	Nov.	161.0	163.8	175.4	98.7	132.7	197.8	157.8
	Dec.	163.5	166.9	176.6	99.1	133.1	200.2	159.3
1951	Jan.	166.5	194.6	179.6	99.2	133.4	204.2	161.0
	Feb.	166.5	196.2	182.7	99.5	134.5	206.6	162.0
	Mar.	169.1	197.7	184.0	100.2	135.1	207.9	163.0
	Apr.	169.1	197.0	184.5	100.5	136.0	209.3	163.3
	May	169.9	198.9	185.0	100.6	133.8	210.0	163.8
	June	170.0	199.1	184.9	101.0	134.0	209.8	163.5
	July	170.3	199.6	184.2	101.4	134.5	210.0	163.5
	Aug.	170.1	198.6	184.9	101.8	134.8	207.9	164.0
	Sept.	170.9	198.5	189.5	102.4	135.1	208.0	164.7

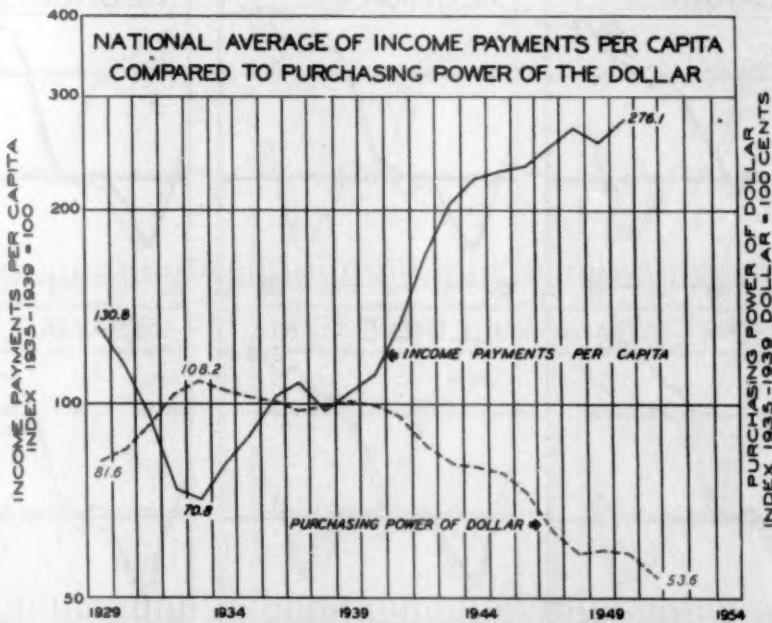
INCOME PAYMENTS PER CAPITA AT NEW HIGH

IN 1950 the average per capita income in the continental United States rose to 276.1% of its prewar level (1935-1939 average). When expressed in terms of money, this 276.1% represents \$1,436. The average 1935-1939 amount was \$520. Even after adjusting the 1950 figure for the drastic decrease in the value of the dollar, the average individual's purchasing power has risen 48% above the 1935-1939 average. This amount is obtained by multiplying the value of our present dollar, 53.6¢, by the average per capita income (\$1,436).

The charts on the following four pages show how per capita incomes have increased in the various States of the Union. These charts show the percentage changes in income payments to individuals within each State since the prewar period. For this reason one State cannot be compared with another. For comparisons by States in actual dollar amounts, the charts on pages 519 through 522 should be consulted.

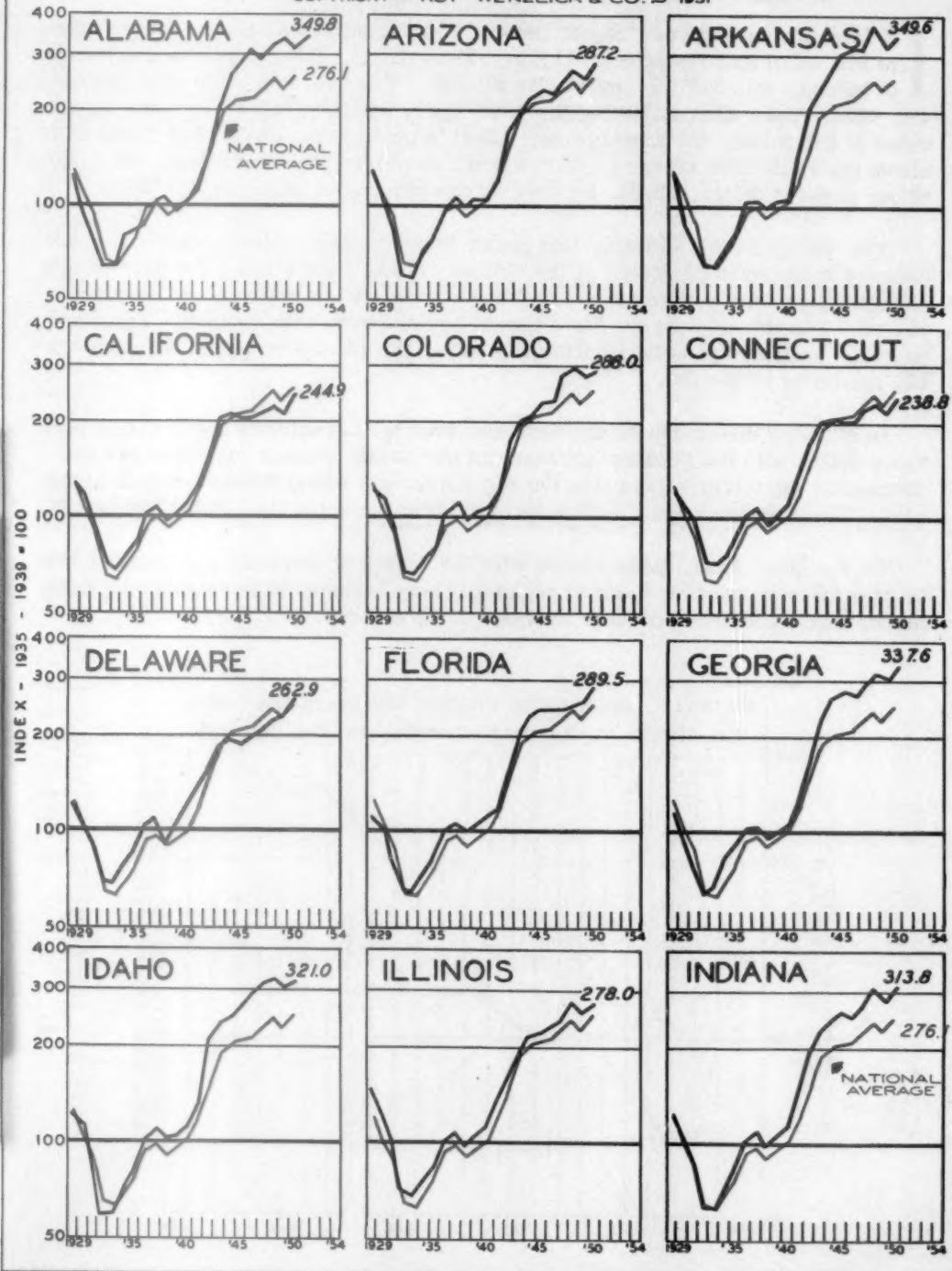
In studying the charts on the next four pages, it is interesting to notice that those States with the greatest increase in per capita income payments are predominantly agricultural and that the big cotton and wheat States lead all of the rest. These States were all "low income" States during the 1935-1939 period.

On the other hand, those States with the smallest increase are those of the Middle Atlantic and New England regions, where incomes have consistently been higher than those found in other sections of the country.



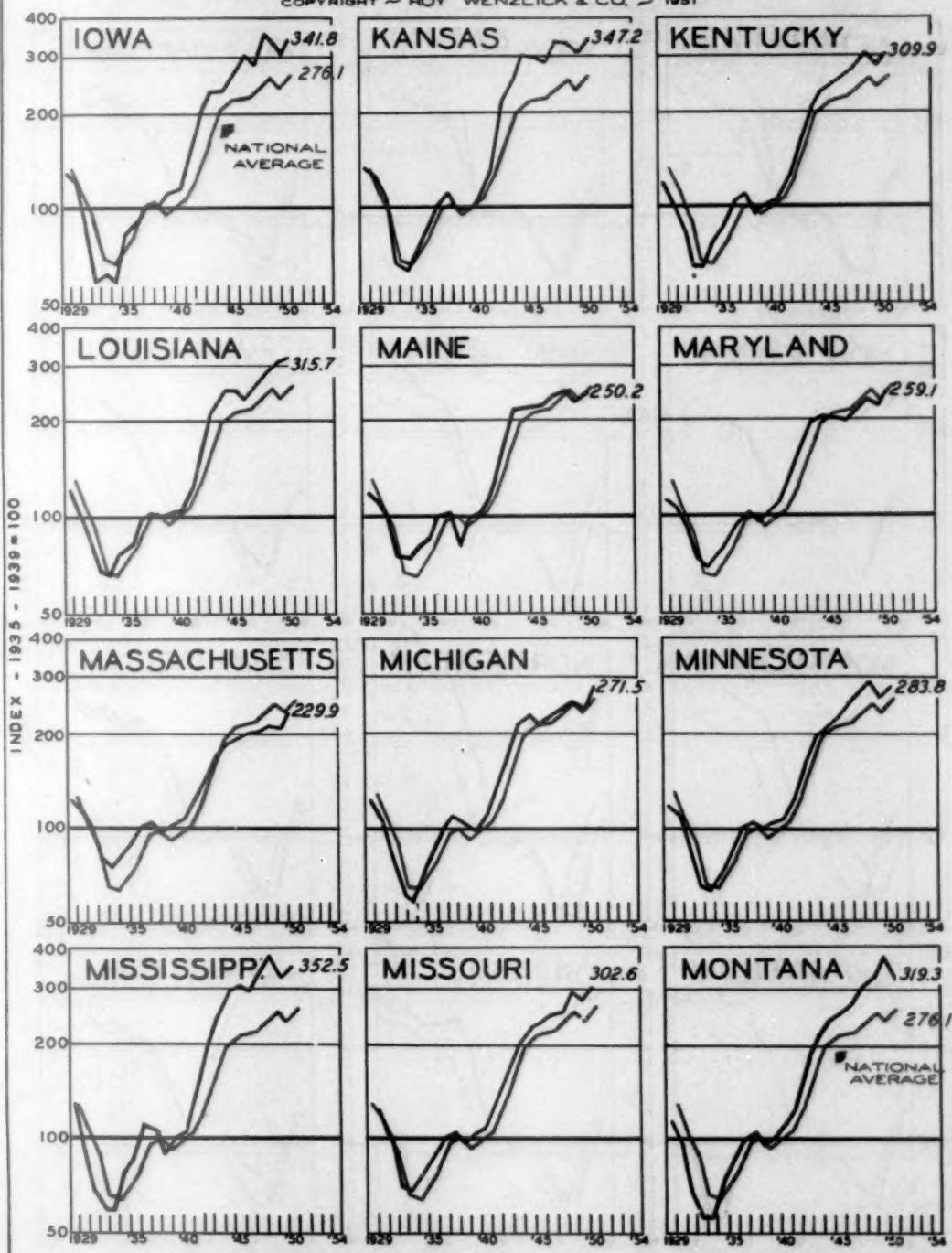
INCOME PAYMENTS PER CAPITA BY STATES

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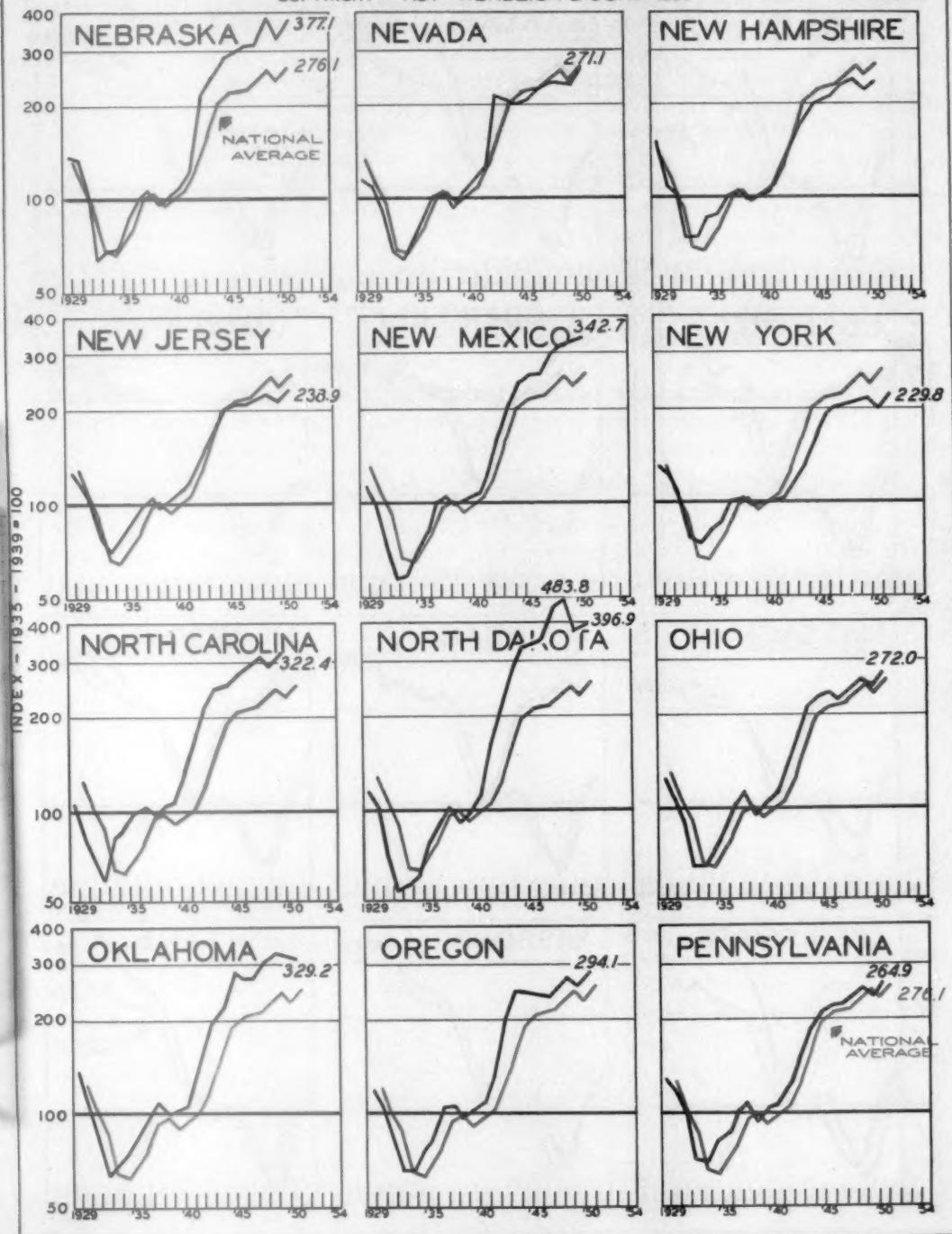
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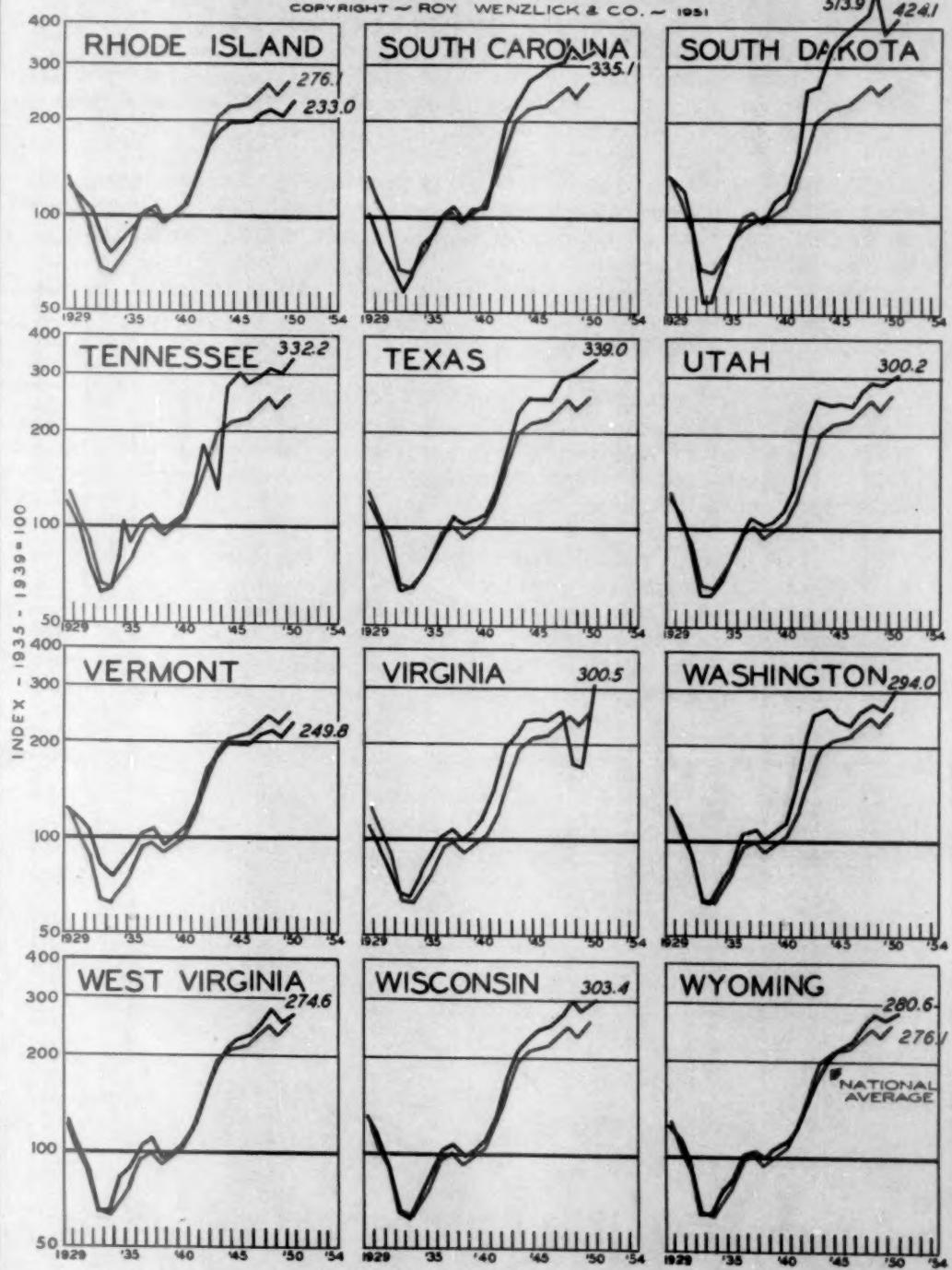
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INCOME PAYMENTS PER CAPITA BY STATES

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REAL WAGES DROPPING SLOWLY

THE chart below shows one of the most significant and most interesting facts that the majority of us face. It shows the trend of "real wages." By this term is meant the real value of the wages we receive. In order to obtain this figure, our actual money wages must be adjusted to allow for the inroads made by tax collections and rising prices.

In order for real wages to increase, money wages must rise faster than prices and taxes. The blue line shows that since Korea real wages have moved sideways on the chart. In other words, money wage increases have approximated price increases. The red line, which shows real wages after Federal income tax deductions, has been moving down slowly since June of 1950. This means that the average wage earner has been losing purchasing power due to rising prices and increased Federal income taxes.

During the first part of 1952 real wages will probably continue to drop slowly as taxes and prices move upward. There is a good chance that later in the year this decrease in the purchasing power of wages will level off and perhaps rise a little. This will happen if prices of basic commodities begin to move downward in the last half of 1952, as we expect they will.

The chart is based on the average wage index of the New York Federal Reserve Bank. Since it is an average, there are naturally large segments of the population whose real wages have been higher than indicated by the chart. For the most part these segments are found within the ranks of organized labor. On the other end of the scale are found the school teachers, commercial employees and other white collar workers whose real wages have dropped even more than is indicated by the chart.

